

David Lindsay
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

9th September 2016

Dear David,

RE: Consultation on Gas Networks Ireland's 2016 Ten Year Network Development Plan

I am writing to you in response to your consultation on and the publication of the Gas Networks Ireland (GNI) 'Network Development Plan for 2016' ("the Plan").

Bord Gáis Energy (BGE) is not in a position to comment on the demand and supply forecasts at this time. We did however review with interest section 6 of the Plan relating to GNI's Gas Growth Strategy.

BGE believes that it is both in the interest of the Irish gas customer and the Irish energy customer for gas to become a greater part of the energy mix both on a transitional and an enduring basis within a decarbonised society. Gas and renewable gas has great potential to reduce carbon emissions and contribute towards Ireland's renewable targets across electricity, heat and transport. Given the investments that have been made in the gas network to-date, the capacity available in the network and the incremental cost to diversify usage of the network for renewable gas and transport, we believe that leveraging the gas network to contribute towards Ireland's decarbonised energy requirements makes intuitive sense. Furthermore, it will provide a diversity of fuel mix, which is imperative for security of energy supply on the island.

With that in mind, BGE welcomes GNI's ambition to use and extend the network to grow connections for both residential and I&C customers. Gas is not just an economically efficient choice but from a reliability point of view, it can provide a superior renewable energy choice for large I&C customers where predictability of energy supply is key. BGE believes that this is only attainable through a co-ordinated and collaborative strategy between GNI and suppliers in the market.

With respect to the proposed growth in renewable gas and CNG, BGE has been in contact with a number of customers who are interested in developing markets in both of these areas and therefore we welcome a focus by the network company in supporting their future growth. Given that both markets are in the nascent stages of development, considerable planning and collaboration between perspective producers, customers and suppliers is required before a commitment to the level of growth in these markets can be reasonably determined. BGE therefore welcomes the work that is being progressed by the SEAI, amongst others, examining the potential for biogas and bio-methane deployment in Ireland.

Recognising that 'Price Control 4' for GNI is currently being reviewed and expected to be consulted on in 2017, likely ahead of the completion of SEAI's work, ancillary considerations will be needed over the coming months to ensure the necessary capital expenditure is available to capitalise on the decarbonisation opportunities. As part of this, BGE would welcome some detailed plans from GNI outlining how it reasonably expects to obtain its growth ambitions. With this context, producers, customers and suppliers can then plan and build towards a market which is mutually beneficial for all parties in the long-term.

BGE looks forward to engaging with the CER and GNI further on the overall growth strategy for gas over the coming months and years, and we hope this is the beginning of a concerted strategy to make the most efficient use of Ireland's resources in the interest of the Irish energy customer.

Yours sincerely,

Jill Murray